

Esk District Co-op Ltd

109th

Annual Report

and

Balance Sheet

30th JUNE 2015

To be presented to the Shareholders at the

ANNUAL GENERAL MEETING

9.30am Friday

30th October 2015

Mt Beppo Public Hall, Mt Beppo

Esk District Co-op Ltd

ABN 98 306 274 225

Esk District Co-op Ltd

Established 1906

Registered under "The Co-operative Act 1997"

Registered Office:

Toogoolawah, Queensland

Retail Stores:

Esk and Toogoolawah

Directors:

A FitzGerald (Chairman)
F Evans, L Witham, S Todd, C Lynch

Bankers:

ANZ Bank, Toogoolawah

Secretary:

T Lukritz

Auditors:

Horizon Accounting Group, Toowoomba

ESK DISTRICT CO-OP LTD NOTICE OF ANNUAL GENERAL MEETING

Pursuant to the Rules of the Co-operative, Notice is hereby given that an Annual General Meeting is to be held at 9.30am, 30th October 2015, at the Mt Beppo Public Hall, Mt Beppo.

AGENDA

1. Registration of Attendees and Proxies
2. Quorum
3. Confirmation of the Minutes of the previous Annual General Meeting
4. Adoption of Annual Report including Financial Statements and Auditor's Report
5. Appointment of Auditor
6. Declaration of Results for the Election of Directors
7. General Business

By Order,

T Lukritz
Secretary

Toogoolawah, 6th October 2015

Esk District Co-op Ltd

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CHAIRMAN'S REPORT 2015

On behalf of the Board of Directors of the Esk District Co-op Ltd I have much pleasure in presenting the Annual Report for the year ending 30 June 2015.

Following several years of significant changes and development this year has been one of consolidation which is reflected in the financial statements for the year just ended. Nationally it has been recognised as a difficult year for trading with many small businesses finding tough trading conditions especially in the supermarket trade with increased competition from Coles, Woolworths, Aldi and Costco. These conditions are about to get worse with the proposed entry of another international giant, the German company Lidl. Trading is so tough that even the giants are feeling the pinch and introducing various rewards programs to retain market share.

Last year we suggested that as our market had matured our expectations of around 5% increase in sales were more realistic for the coming year compared with the 15.04% of the previous year. Our sales for the year in fact increased by 4.1% to a record \$11,814,635 which is a creditable result and which exceeds the national CPI in a year of poor trading conditions. Consequently our operational profit for the year was \$290,204 an increase of 30.6% on the previous year (\$222,124) and after allowing for depreciation and income tax the Net Profit achieved was \$167,925 a 76.5% increase on the previous year (\$95,277). This was the result after paying \$1.8 million in wages and salaries plus \$164,369 in staff superannuation and \$51,581 in State Government payroll tax or almost \$1,000 a week. Staff costs are the biggest cost item in any business and in our case represents 14% of our sales. This profit has allowed us to continue to meet our obligations to the bank in the repayments of the borrowings involved in the recent redevelopments. At the same time we can continue to make minor improvements in both centres such as computer upgrades and new fixtures and fittings in the Friendly Grocer. The Board is ever mindful of the need to be vigilant in mitigating all costs and is constantly reviewing costs related to various contracts and service provision.

During the year there have been a number of staff changes particularly in a couple of key areas brought about by departures for various reasons. As a result importantly Mrs Nikki Williams has moved from Manager of the Friendly Grocer to the manager of the IGA. We thank Nikki for accepting this challenge which she has grabbed with her usual enthusiasm and achieved the success she has. Consequently Mrs Vicki Bishop has accepted the position of managing the Friendly grocer and we thank her for taking on this challenging assignment. We must thank all the staff for their commitment and in particular the leaders of various departments who continually battle with the challenges of retailing and achieving customer satisfaction. The staff are led by our manager Mr John Burrow and his very capable and committed assistant Mrs Tania Lukritz. As these people have the ultimate responsibility for

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all aspects of the operations of the stores, financial controls and the implementation of the Board policies we are very grateful to them for their commitment and work.

In our particular business we have an unusual situation in that we own and operate two food stores with different brands, IGA and Friendly Grocer, who have different pricing structures. It is therefore not financially possible to sell all items in both stores at the same price all the time even though where possible we try to do so. This has been accentuated by the most recent changes implemented by Metcash Ltd (owner of the IGA brand) with the introduction of their Price Match Policy. This promotion is an attempt to match the prices available in the bigger chains Woolworths and Coles on some 950 store items in the IGA brand. It has the effect of while reducing the cost to the store and ultimately the price to the customer, it also reduces our profit margin on these items. The reasoning is that because of the reduced prices, turnover will increase and the net result will be the same profit in dollar terms. At this early stage I can say that we have not seen a significant increase in customer purchases. It is therefore a further challenge to us going forward along with the ongoing incursion of the bigger chains into the traditional independent markets.

We hear from our compatriots in other IGA stores of significant downturn in turnover so we are pleased with our achievements for this year however we see the future as more difficult. Whilst it is impossible to predict the outcome for the coming year we would be pleased if we could maintain a growth of around 4% and a containment of cost to maintain a profitability which allows us to meet our commitments and continually upgrade our presentation. As we have said many times before the ability to do this not only depends on what we do but it also depends on the loyalty of our customers who are keen to support their local business and ultimately the district they live in. We are very grateful for that loyalty and we thank our members and customers for their support and ask that you continue that support. As with all small businesses particularly in country towns it is a matter of use it or lose it.

On behalf of the Board I would like to thank our auditor Mr Tim Davis and his staff of Horizon Accounting Group for their assistance and advice throughout the year and the manner in which they have conducted the audit. I would also on a personal note thank Mr Laurie Witham as deputy chairman and my fellow directors for their contribution and support throughout the year.

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Financial Statements

For the Year Ended 30 June 2015

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DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2015.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Dr A C B Fitzgerald (Chairman)

F M Evans

L Witham (Deputy Chairman)

S Todd

C Lynch

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of entity secretary at the end of the financial year: Tania Lukritz.

Principal Activities

The principal activities of the company during the financial year was retailing in Esk and Toogoolawah.

No significant changes in the nature of the company's activities occurred during the financial year.

Operating Results

The profit of the company before income tax amounted to \$158,402 (2014: \$106,911).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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Information and Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings		
	Number eligible to attend	Number attended	Position
Dr A C B Fitzgerald	12	12	Chairman
F M Evans	12	12	Director
L Witham	12	10	Deputy Chairman
S Todd	12	11	Director
C Lynch	12	11	Director

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 3 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.



Chairman

Dr A C B Fitzgerald (Chairman)

Dated this 18th day of September 2015

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ESK DISTRICT CO-OP LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Horizon Accounting Group

Tim Davis

Date: 16 September 2015

21 Russell Street, Toowoomba

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STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		\$	\$
Sales Revenue	2	11,814,637	11,352,224
Cost of Sales		(8,939,345)	(8,659,572)
Gross Profit		<u>2,875,292</u>	<u>2,692,652</u>
Other income	2	102,576	92,292
Marketing Costs		(17,652)	(16,173)
Administrative Costs		(2,521,149)	(2,373,806)
Finance Costs		(150,798)	(171,437)
Depreciation and Amortisation		(129,867)	(116,617)
Profit before income tax expense		<u>158,402</u>	<u>106,911</u>
Income tax (expense) / benefit	3	9,523	(11,771)
Profit attributable to members		<u>167,925</u>	<u>95,140</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		\$	\$
Net income (loss) for the period		167,925	95,140
Other comprehensive income			
Total comprehensive income for the year attributable to members of the co-operative		167,925	95,140

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	95,495	85,997
Trade and other receivables	7	49,193	57,691
Inventories	8	851,912	864,374
Financial assets	9	-	17,424
Current tax receivable	13	28,176	18,653
Other assets		29,210	44,915
TOTAL CURRENT ASSETS		1,053,986	1,089,054
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,778,318	2,881,273
TOTAL NON-CURRENT ASSETS		2,778,318	2,881,273
TOTAL ASSETS		3,832,304	3,970,327
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	467,423	594,714
Financial liabilities (short term)	12	162,983	162,607
Short-term provisions	14	102,969	93,240
TOTAL CURRENT LIABILITIES		733,375	850,561
NON-CURRENT LIABILITIES			
Financial liabilities (long term)	12	1,360,847	1,549,733
Long-term provisions	14	4,922	4,798
TOTAL NON-CURRENT LIABILITIES		1,365,769	1,554,531
TOTAL LIABILITIES		2,099,144	2,405,092
NET ASSETS		1,733,160	1,565,235
EQUITY			
Issued capital	15	81,168	81,168
Reserves		1,194,581	1,194,581
Retained Earnings		457,411	289,486
TOTAL EQUITY		1,733,160	1,565,235

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	General Reserves	Share Purchase Reserve	Capital Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	81,168	289,486	1,071,994	46,290	632	75,665	1,565,235
Shares issued during the year							
Profit attributable to members		167,925					167,925
Transfers to /from reserves - Asset Revaluation Reserve							
Balance at 30 June 2015	81,168	457,411	1,071,994	46,290	632	75,665	1,733,160
Balance at 1 July 2013	81,168	194,346	1,071,994	46,290	632	75,665	1,470,095
Shares issued during the year							
Profit attributable to members		95,140					95,140
Transfers to /from reserves - Asset Revaluation Reserve							
Balance at 30 June 2014	81,168	289,486	1,071,994	46,290	632	75,665	1,565,235

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		12,564,858	12,064,531
Payments to suppliers and employees		(12,205,425)	(11,649,868)
Interest received		781	803
Finance costs		(150,798)	(171,437)
Net cash generated from operating activities	17	209,416	244,029
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of investments		18,276	
Payment for property, plant and equipment		(29,684)	(37,626)
Net cash used in investing activities		(11,408)	(37,626)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares			-
Repayment of borrowings		(188,886)	(222,132)
Proceeds from borrowings		-	-
Payment of finance lease liabilities		-	-
Net cash used in financing activities		(188,886)	(222,132)
Net increase in cash held		9,122	(15,729)
Cash and cash equivalents at beginning of the financial year		(76,610)	(60,881)
Cash and cash equivalents at the end of the financial year	6	(67,488)	(76,610)

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The financial statements are for Esk District Co-op Ltd as an individual entity, incorporated and domiciled in Australia. Esk District Co-op Ltd is a co-operative limited by shares.

The financial statements were authorised for issue on 18 September 2015 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Cooperatives Act 1997 and relevant Cooperatives Regulations 1997*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a (i) Current Income Tax Expense

Current income tax expense charged to profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(ii) Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

It has been determined that the recovery of tax losses as at 30 June 2015 is unlikely and accordingly, no deferred tax asset has been recorded in respect of tax losses.

b. **Inventories**

Inventories are measured at the lower of cost and net realisable value.

c. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. All additions subsequent to the valuation are recorded at cost.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. Recoverable amount is the higher of fair value less costs to sell less value in use (depreciated replacement cost of the asset)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life to the co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	7.5% - 66.6%
Motor Vehicles	18.75% - 25%
Office Furniture and Equipment	11.25% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the co-operative assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. **Impairment of Assets**

At the end of each reporting period, the co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

g. **Employee Benefits**

Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal value.

Contributions are made by the co-operative to an employee superannuation fund and are charged as expenses when incurred.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

j. **Borrowings**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the period in which they are incurred.

k. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

l. **Provisions**

Provisions are recognised when the co-operative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

n. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates

Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its future economic benefits, value in use is the depreciated replacement cost.

Note 2: Revenue and Other Income	2015	2014
	\$	\$
Revenue		
<i>Operating Activities</i>		
Sale of Goods	11,814,637	11,352,224
Interest Income	781	803
Staff Traineeship Subsidy	2,000	2,500
Other Income	99,795	88,989
Total Revenue	<u>11,917,213</u>	<u>11,444,516</u>
<i>Interest Received from:</i>		
Bank	781	803
Interest charged on trade and other receivables		-
	<u>781</u>	<u>803</u>

NOTE 3: INCOME TAX EXPENSE

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on the profit from ordinary activities before income tax at 30% (2014 30%)	47,521	32,073
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Add:

Esk District Co-op Ltd

ABN 98 306 274 225

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Tax Effect of		
Accrued rebates	4,711	-
Provisions	2,955	5,782
Accrued Expenses	1,843	-
Lay buy deposits	-	40
	<hr/>	
	9,509	5,822
Less		
Tax Effect of		
Tax losses	(66,553)	(8,098)
Accrued Rebates	-	(9,754)
Accrued Expenses	-	(7,758)
Conversion of excess franking credits	-	(514)
	<hr/>	
	(66,553)	(26,124)
	<hr/>	
Income tax attributable to the entity (deferred)	(9,523)	11,771

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Dr A Fitzgerald	Chairman
Mr L Witham	Deputy Chairman
Mrs S Todd	Director
Mrs F Evans	Director
Ms C Lynch	Director
Mr J Burrow	General Manager

b Compensation

	Short Term Benefits	Post Employment Benefits	Total
	\$	\$	\$
2015			
Total Compensation	97,118	11,189	108,307
2014			
Total Compensation	85,948	8,262	94,210

5 AUDITORS' REMUNERATION

	2015	2014
	\$	\$
Remuneration of the auditor of the co-operative for:	17,500	17,000
- Auditing or reviewing the financial report		

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Note 6 Cash and Cash Equivalents	2015	2014
	\$	\$
CURRENT		
Cash at hand	6,400	6,400
Cash at bank	89,095	78,971
Other cash and cash equivalents	-	626
	95,495	85,997
 Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	95,495	85,997
Bank overdraft	(162,983)	(162,607)
	(67,488)	(76,610)
 NOTE 7 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	50,557	59,055
Provision for impairment	(2,500)	(2,500)
	48,057	56,555
Other related parties	1,136	1,136
	49,193	57,691
 NOTE 8 INVENTORIES		
CURRENT		
At cost		
Inventories	851,912	864,374
	851,912	864,374
 Detailed table		
Esk grocery	188,550	189,027
Esk hardware	202,129	216,692
Toogoolawah grocery	325,641	301,399
Toogoolawah hardware	135,592	157,256
	851,912	864,374

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NOTE 9 FINANCIAL ASSETS

	2015	2014
	\$	\$
CURRENT		
Listed investments at fair value, shares in listed corporations	-	17,424
	-	17,424

Available for sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

Land and Buildings at written down value	2,190,992	2,222,498
Total land and buildings	2,190,992	2,222,498

PLANT AND EQUIPMENT

Plant and equipment at written down value	575,519	644,173
Motor Vehicles at written down value	8,328	10,582
Office Furniture at written down value	3,479	4,020
Total plant and equipment	587,326	658,775
Total property, plant and equipment	2,778,318	2,881,273

Land and Buildings valuations were prepared by Taylor Byrne Valuers dated 3 February 2010.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Plant and Equipment	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$	\$
2015					
Balance at the beginning of the year	2,222,498	644,173	10,582	4,020	2,881,273
Revaluations					
Additions at cost		29,684			29,684
Disposals		(2,772)			(2,772)
Depreciation expense	(31,506)	(95,566)	(2,254)	(541)	(129,867)
Carrying amount at end of year	2,190,992	575,519	8,328	3,479	2,778,318

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2014

Balance at the beginning of the year	2,254,070	688,012	13,467	4,716	2,960,265
Revaluations					
Additions at cost		37,626			37,626
Disposals					
Depreciation expense	(31,572)	(81,465)	(2,885)	(695)	(116,617)
Carrying amount at end of year	<u>2,222,498</u>	<u>644,173</u>	<u>10,582</u>	<u>4,020</u>	<u>2,881,273</u>

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2015	2014
		\$	\$
CURRENT			
Trade payables		418,218	550,371
Goods and services tax		30,691	25,743
PAYG withholding		18,514	18,600
		<u>467,423</u>	<u>594,714</u>

NOTE 12: BORROWINGS

CURRENT

Bank overdraft – secured	162,983	162,607
	<u>162,983</u>	<u>162,607</u>

NON-CURRENT

Other Financial liabilities - unsecured	78,354	78,354
Loans – secured	1,282,493	1,471,379
TOTAL BORROWINGS	<u>1,360,847</u>	<u>1,549,733</u>

Total current and non current secured liabilities

Bank overdraft	162,983	162,607
Loans	1,282,493	1,471,379
	<u>1,445,476</u>	<u>1,633,986</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2015	2014
	\$	\$
NOTE 13: TAX		
(a) Assets		
CURRENT		
Deferred Tax Asset	28,176	18,653
	28,176	18,653

NOTE 14: PROVISIONS

	Employee Entitlements	Total
	\$	\$
Opening balance at 1 July 2014	98,038	98,038
Additional provisions	9,853	9,853
Balance at 30 June 2015	107,891	107,891
Analysis of Total Provisions		
Current		102,969
Non Current		4,922
		107,891

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 15: ISSUED CAPITAL

Summary table

40,584 (2014: 40,584) ordinary authorised shares	81,168	81,168
	81,168	81,168

NOTE 16: RESERVES

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non current assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: CASH FLOW INFORMATION	Note	2015	2014
		\$	\$
a. Reconciliation of Cashflow from Operations with Profit after Income Tax			
Net income loss for period		167,925	95,140
Cash flows excluded from profit attributable to operating activities			
Non cash flows			
Depreciation and Amortisation		129,867	113,601
(Gain) / Loss on Sale		1,921	36,169
Changes in assets and liabilities			
(Increase) / decrease in trade and other receivables		8,498	(7,865)
(Increase) / decrease in other assets		15,704	(6,477)
(Increase) / decrease in inventories		12,462	(46,991)
Increase/(decrease) in trade and other payables		(127,291)	165,613
(Increase) / decrease in deferred tax asset		(9,523)	228,725
Increase / (decrease) in provisions		9,853	601
		209,416	244,029

NOTE 18 CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities at balance date.

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

There are no events after the balance sheet date that will affect the financial report.

NOTE 20: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Esk District Co-op Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: ENTITY DETAILS

The registered office of the company is:

Esk District Co-op Ltd
43 Cressbrook Street
TOOGOOLAWAH QLD 4313

The principal place of business is:

Esk Friendly Grocer and Home Timber and Hardware
101 Ipswich Street
ESK QLD 4312

Toogoolawah IGA & Home Timber and Hardware
43 Cressbrook Street
TOOGOOLAWAH QLD 4313

Esk District Co-op Ltd
ABN 98 306 274 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT BY THE COMMITTEE

The directors of the co-operative declare that:

1. The financial statements and notes, as set out on pages 4 to 22, are in accordance with the *Cooperatives Act 1997 and the relevant Cooperatives Regulations 1997; and*
 - a. comply with Australian Accounting Standards and the Cooperatives Act 1997 and the relevant Cooperative Regulations 1997; and
 - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dr A C B Fitzgerald



Director

L Witham

Dated this 18th day of September 2015

Esk District Co-op Ltd
ABN 98 306 274 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ESK DISTRICT CO-OP LTD**

Report on the Financial Report

We have audited the accompanying financial statements of Esk District Co-op Ltd, which comprises the Statement of Financial Position as at 30 June 2015 and the Comprehensive Income Statement, Statement of Change in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the co-operative are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Cooperatives Act 1997*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethics requirements. We confirm that the independence declaration provided to the directors of Esk District Co-op Ltd on 16 September 2015, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Esk District Co-op Ltd as of 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with the *Cooperatives Act 1997 and the relevant Cooperatives Regulations 1997* and the Australian Accounting Standards.

Horizon Accounting Group

Tim Davis
21 Russell Street, Toowoomba

Dated this 21st day of September 2015

